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ALLEN S. GROSSMAN
NANCY DEAN BEAULIEU
SUSAN MOORE-JOHNSON
JENNIFER M. SUESSE

Compensation Reform at Denver Public Schools

On March 19, 2004, 59% of the Denver Classroom Teacher's Association (DCTA) approved a professional compensation system called "ProComp," a new comprehensive teacher compensation plan developed with Denver Public Schools (DPS). ProComp differed fundamentally from the typical model used to compensate public school teachers. Rather than automatic seniority-based raises, ProComp salaries were based on 10 elements, including teachers' contributions to student growth.¹ The plan also compensated teachers for receiving successful performance evaluations, serving in the most academically needy roles and schools, and improving their skills and knowledge. According to the DPS/DCTA agreement, ProComp would phase in beginning in January 2006, pending voters' approval in November 2005 of a property tax increase. The proposed mill-levy override would generate an additional \$25 million—an annual tax increase of about \$50 for the average Denver homeowner—to increase teachers' salaries by approximately 12% (individual raises would vary, and participation in ProComp would be optional for current DPS teachers).²

Debate was ongoing regarding teacher compensation reform, historically a contentious issue. Leaders from across the United States continued to watch Denver closely, since many felt teacher compensation reform was a key component of twenty-first century public school improvement efforts. Educators, lawmakers, and labor leaders acknowledged the imperfections of the traditional single-salary schedule—a model based on 1921 reforms that sought to equalize pay for women and minority teachers, as well as provide incentives for teachers' further education—but there was little agreement about fair, sustainable, and effective alternatives. Many observers saw ProComp's implementation as a massive undertaking for DPS, as well as a controversial experiment. Leaders from DPS and DCTA were amazed that they had come this far, given tensions lingering from unrest in the 1990s, including a strike in 1994, and repeated superintendent turnover. As they celebrated the March 19 victory and prepared to finalize the details of ProComp, both groups reflected on all that

¹ All DPS/DCTA compensation agreements include classroom teachers, nurses, social workers, and other education specialists. For simplicity and clarity, subsequent references to "teachers" imply this entire bargaining unit.

² Property taxes are calculated based on a rate of dollars per \$100, or mills (.001). Changes to the tax rate, called mill-levy overrides, are decided by general elections. Figures cited from Bess Keller, "Next Pay-Plan Decision Up to Denver Voters," *Education Week*, March 31, 2004, p. 3.

Research Associate Jennifer M. Suesse prepared this case under the supervision of Professors Allen S. Grossman, Nancy Dean Beaulieu and Susan Moore-Johnson. PELP cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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had happened since 1999, when a collective bargaining agreement launched a four-year pay-for-performance pilot, a forerunner of ProComp.

Background

DPS was the 44th-largest public school district in the U.S. and the second largest in Colorado, serving 72,489 students in 148 schools in 2003-04. Fifty-two percent of the city's population was white, while 79% of DPS students were nonwhite. Sixty-six percent of DPS students were eligible for free or reduced-price meals, and one-fifth were learning English for the first time (**Exhibit 1** profiles DPS demographics). A seven-member Board of Education, which included five members elected by neighborhood districts and two selected by the city at-large, governed DPS and set district policy. DPS was fiscally independent (not under city or county jurisdiction) and average spending per pupil was \$6,397 in the 2003-04 school year.

Colorado's legislature was focused on school accountability, and pressure for results was intense. The Colorado Student Assessment Program, or CSAP, a statewide set of exams, was implemented in 1997 and upgraded in 2002. Since 1997, DPS students' CSAP scores had made modest but steady gains (**Exhibit 2** compares DPS scores with state averages). DPS was Colorado's only urban school district, and, as in many other large districts, districtwide achievement averages did not reveal the higher gains concentrated in the early grades as well as significant differences between white and nonwhite students' performance. In 2002 and 2003, Governor Bill Owens awarded DPS the state's Distinguished Improvement Award. DPS welcomed this recognition as affirmation of progress in achieving its mission of "providing all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our diverse society."

From 1973 to 2003, DPS had 12 different superintendents. Some observers said this turnover was responsible for poor communication and coordination between DPS departments and felt that it also contributed to the Board's "micromanaging" the central office from the late 1980s to the mid-1990s. After desegregation mandates were dismantled in 1995, DPS ended mandatory busing and phased in districtwide school choice for K-12 students. These political challenges, especially when combined with budget constraints and uneven growth throughout the system, took their toll on the central-office infrastructure and also strained relations and trust between DPS and DCTA.

In June 2001, Dr. Jerome "Jerry" Wartgow (pronounced Wart-GO) became DPS superintendent. His three goals for DPS were:

- Setting high expectations for students, parents, teachers, principals, and all other staff of DPS and the community it served
- Improving the performance of all students
- Closing the gap between better- and poorer-performing students

From all reports, Wartgow was a well-liked and respected community leader, with a reputation as a skilled fund-raiser. While not everyone in Denver supported Wartgow's initiatives, most felt that he brought a new level of professionalism and energy to reforming instructional practices and refining administrative processes. Shortly after arriving at DPS, Wartgow broke the district into quadrants and installed four area superintendents in an effort to integrate a highly decentralized network of schools. His financial and administrative teams worked to realign the DPS budget, merged the district's \$2.5 billion retirement plan with the state's \$25 billion program, and introduced universal e-

mail use to the central office. Wartgow also resolved ongoing union negotiations, so all employees started 2001-02 with contracts in place.

DPS-DCTA Relations

Neither before nor during Wartgow's tenure, were there smooth relations between DPS and DCTA. Collaboration ebbed and flowed, but both insiders and outsiders acknowledged that the relationship was relatively productive, "not a situation of entrenchment like in some cities." DCTA's leadership saw the union as a leader in professional teaching associations with the duty to "advocate for the rights and responsibilities of all educators and for an ethical system of quality public education for all students." DCTA was affiliated with the Colorado Education Association, as well as the National Education Association and the Teacher Union Reform Network. Its 3,200-person membership included 80% of DPS teachers, 45% of whom had been teaching five years or fewer.

Teacher Compensation: The Single-Salary Schedule

Historically, DPS's 4,076 teachers were paid according to a typical single-salary schedule, called a "steps and lanes" matrix. Thirteen "steps" were based on an individual's years of service at DPS while six "lanes" awarded salary increases for the acquisition of graduate credit and degrees (**Exhibit 3** outlines the 2003-04 salary schedule). For example, the starting salary for a teacher with a bachelor's degree and no teaching experience was \$31,200 while a teacher with a Ph.D. and 12 years of teaching experience in DPS earned \$64,919. Teachers who took on additional responsibilities, like coaching or extracurricular supervision, were eligible to earn additional compensation.

Experimenting with Compensation: The PFP Pilot

The political climate in the 1990s, both in Colorado and beyond, sought increased teacher accountability and student achievement in schools. Negotiated agreements between DPS and DCTA from 1982 to 1996 established committees to investigate means for connecting compensation to student achievement. On many occasions, groups composed variously of teachers, administrators, and union leaders met to discuss ideas, read reports, raise concerns, and make formal recommendations. Moreover, attempts to reform compensation for principals and administrators had been unsuccessful. Compensation experiments across the state, including one in neighboring Douglas County, increased the pressure for DPS to act.

Pay-for-performance (PFP) advocates argued that PFP was one way to attract and retain high-quality teachers, as well to provide a means for accountability. But, many educators worried that politicians perceived PFP as a "silver bullet." National union leaders and scholars cited three common challenges in a legacy of unsuccessful attempts to connect teacher compensation to student achievement. First, they highlighted the difficulty of developing assessments that could effectively demonstrate teachers' contributions while accounting for student population, mobility, or other factors outside teachers' control. Second, they pointed to the challenge of evaluating teachers fairly, without favoritism. Finally, some felt compensation programs that differentiated among individuals countered current efforts to foster collaboration among teachers. Bill Slotnik, executive director of the Community Training and Assistance Center (CTAC), a Boston-based not-for-profit that worked with DPS, observed that poor implementation and misunderstandings only added to these challenges:

Three central themes characterize the track record of failed PFP efforts in school systems. First, many assumed that PFP was purely a question of incentives for teachers, when the reality is that much more is involved than just providing compensation. Second, many PFP

plans were punitive, created to weed out “bad teachers.” Experience shows that any compensation system needs to be designed for all teachers and that poor performance is handled most effectively through good management, not punishment. Finally, most PFP attempts failed because districts tried to implement them without making fundamental changes in the rest of the system.

Defining the PFP Pilot

1999-00 negotiations Given these concerns, there was an outcry when Superintendent Irving Moskowitz first proposed paying teachers for their performance during bargaining in 1999 (see **Exhibit 4** for a timeline of key events). Moskowitz and other Board members wanted to abolish the single-salary schedule, raise starting teacher salaries, and pay teachers according to their ability to meet student achievement objectives. Many DCTA members opposed this idea, but Betty Wissink, who was then DCTA vice president, recalled, “With the way the political winds were blowing, we knew Colorado would probably mandate some kind of performance pay for teachers if we didn’t come up with our own solution. So, we said we would be willing to experiment, if we had time to do it right.” DCTA wanted to study PFP to ensure that DPS knew how to implement it and could fund any proposed changes. No agreement was reached, however, and negotiations reached an impasse.

In August 1999, Superintendent Sidney “Chip” Zullinger negotiated the eventual settlement, which kept the existing salary schedule in place, and established a two-year PFP pilot. Jointly sponsored by DPS and DCTA, the PFP pilot was to explore means for developing a direct link between student achievement and teacher compensation. DPS and DCTA agreed that the pilot would be managed by a four-person “Design Team” composed of two DCTA members and two DPS administrators who were released from other duties in order to devote their full time to planning, piloting, revising, implementing, and evaluating a performance pay plan for DPS elementary, middle, and high school teachers.

The agreement stated that a school could participate in the pilot if 85% or more of its faculty volunteered. While the pilot ran, the existing salary schedule remained in place. Participation in the pilot required that teachers establish two performance objectives, and participating teachers received bonuses according to their progress in achieving their objectives. Three approaches were used to measure teachers’ progress in achieving their objectives. One approach measured improved student achievement according to the norm-referenced Iowa Test of Basic Skills. Another used a range of teacher-developed assessments, including the Colorado Student Assessment Program. The third approach was based on teachers’ acquisition of skills and knowledge, and teachers measured student achievement in a variety of ways.³

In the first year, teachers received \$500 per objective met, as determined by the teacher and his or her principal, and an additional \$500 stipend for participation. In subsequent years, participating teachers received \$750 for each objective met. Both parties agreed that the Design Team would report results of the PFP pilot and make recommendations no later than June 1, 2001.

The Heart of the Pilot: Objectives

Setting objectives was at the heart of the PFP pilot, but when the pilot began even those on the Design Team had only a vague sense of what high-quality objectives entailed or what systems were

³ A more detailed explanation of these approaches appears in CTAC’s December 2001 report, *Pathway to Results: Pay for Performance in Denver*.

required for implementing a performance-based, objective-setting process across the district. Looking back, one school official recalled, “When we entered into this, I didn’t see the difficulty in a fairly simplistic objective-setting process. I can’t get over that objectives are so hard to write.”⁴ Indeed, few teachers succeeded in writing sufficiently detailed objectives early on during the pilot (see **Exhibit 5** for three exemplary objectives). However, 95% met their first objective, and 88% met their second objective. Over the pilot’s four years, objective setting evolved. Teachers learned to identify the following for each objective: a specific student population, an interval during which progress would be made, a formal assessment, an expected growth expressed in objective terms, learning content and explicit strategies for makeup progress.

Pilot Extension

By early 2000, the Design Team realized that two years was not enough time to accomplish their goals, which included piloting PFP in secondary schools. Thus, DPS/DCTA raised additional funding and created a March 2000 DPS/DCTA memorandum of understanding to extend the pilot through 2003. In June 2000, the Design Team presented a report to the Board of Education outlining their progress and identifying major challenges for subsequent work. Brad Jupp, a former middle school teacher and negotiator who represented DCTA on the design team, described the value of ongoing communication between the Design Team and DPS, DCTA, and external parties:

While having so many parties involved might at first seem like a headache, we were surprised to discover that it created a kind of check and balance system. Everyone made outrageous demands at times, but nobody—not DPS, nor DCTA, nor CTAC, nor the foundations—could go too far without the others. Even at the toughest times, there was a tone of reason that ensured a balanced perspective on key decisions and enabled us to move to the next level.

In 2000-01, the Design Team developed a more comprehensive school support system and facilitated a series of workshops for pilot schools focused on objective setting, establishing baselines, and using academic achievement data to make instructional decisions. Midyear training highlighted means for conducting midpoint checks and adjusting instructional strategies. Finally, spring workshops addressed gathering final data and presenting evidence of meeting objectives. The Design Team also launched an online objective-setting tool for teachers, which helped teachers clarify objectives and provided DPS with a way to track them.

Improving Data Infrastructure: Creating OASIS

From the pilot’s inception, the Design Team knew that success required substantial improvements to DPS’s data infrastructure. For example, for teachers to show evidence of their students’ growth, they needed baseline data from previous assessments. DPS did not link student and teacher records when the pilot began, so classroom teachers could not easily access aggregated records. DPS did assign student ID numbers upon enrollment, but teachers did not have unique ID numbers. Thus, tracking or aggregating student records had to be done by hand. Moreover, few DPS assessments were linked to districtwide curriculum standards, so teachers struggled to find acceptable means of measuring students’ progress.

The Online Assessment Scores Information System (OASIS), developed by the DPS assessment and testing department at the urging of the Design Team, debuted in the spring of 2001. It provided

⁴ Quoted by CTAC in “Objectives: Linchpin of the Pilot,” *Pathway to Results*, p. 29.

pilot teachers with online access to students' assessment records. OASIS was designed to allow teachers to customize reports, and it included data for multiple years. Data could be grouped by teacher (so a teacher could track one class of children), and information could also be disaggregated by some demographic characteristics. One DPS administrator commented, "Working on the data aspect met a need and gave us momentum. We started with an idea and then created a system that means something to *both* teachers and administrators." At first, only pilot schools used the OASIS program, but soon some principals at nonpilot schools requested access for their teachers. OASIS highlighted a significant "technology gap" at DPS, exposing considerable variation in teachers' comfort with using computers and achievement data. While reactions to the PFP pilot across the district varied widely, there was nearly universal appreciation for OASIS.

One School's Story: PFP at Thomas Jefferson High School

Recruiting and retaining pilot schools was an ongoing challenge for the Design Team, and motivations for participation ranged greatly. Some schools were excited about the PFP idea and were glad to participate. Some teachers saw the money as a "bonus" for "preexisting practices." Some donated the money back to their schools, and a few opened savings accounts in anticipation of possible protest strikes. At least one school joined hoping to prove that PFP would fail.

In the pilot's third year (2001-02), the Design Team finally overcame resistance from wary secondary school teachers and convinced two high schools to join. High schools varied considerably from K-8 settings, reflecting significant differences both in school culture and in size. (Average enrollments were nearly three times greater than those of participating elementary schools.) Introducing the objective-setting process posed a major challenge in this environment, as high school principals managed a greater diversity of departments and programs. Many teachers remained skeptical, and opponents argued, "PFP would just create more bureaucracy, without improving performance." One Thomas Jefferson High School (TJ) teacher, who had been transferred out of a former DPS teaching assignment after publicly disagreeing with his principal, welcomed PFP. He commented:

If we'd had PFP in place then, I could have proven that I'd met my objectives regardless of how I felt about the principal and how she felt about me. One of the main criticisms of PFP is that principals can't be trusted to evaluate teachers fairly. To me, that's exactly the point. You don't have to trust them. You can write a standards-based objective based on numerical data. And then, what's there to argue about? This system treats teachers like professionals.

TJ's principal reflected, "I felt that the teachers who were marginal worked as hard or harder, and everyone brought a better quality to their objectives. A teacher who used to say that some of her kids were lazy now talks with me about the need for differentiated instruction." DCTA's representative at TJ, who taught advanced placement government and constitutional law, added:

The objective-setting process did not go well in the first year. The "experts" who came in to assist were no help at all. They did not seem to understand that high schools are more complex than elementary schools and often provided confusing or contradictory advice. So, in the second year, we trained our own people to assist TJ teachers. The process was more successful because we were able to educate each other and our administrators about what constituted adequate progress in our respective areas. Another reason it worked is that we trust our principal; she really encourages and supports us when we try things.

Reflections on the PFP Pilot

Support and criticism By the pilot's conclusion, 13% of DPS schools—including thirteen elementary, two middle, and two high schools—had participated, and five different DPS superintendents had been involved. In addition to CTAC's findings about improved student achievement, advocates contended that PFP sharpened their focus on instruction, rewarded innovation, and increased potential lifetime earnings. Some participants also felt that the pilot had helped to boost morale and enabled them to receive more money, more often for good work. Advocates also saw PFP as the first step toward clarifying performance expectations for teachers at both the classroom and school levels and establishing agreement about what constituted adequate progress. PFP supporters across the district also saw DPS's efforts to establish objective setting and track student growth as a first step toward being able to truly differentiate instruction. Scott and others on the Design Team hoped that OASIS (or a next-generation product) could be used to compare results from different instructional strategies and approaches across classrooms and schools. Moreover, DPS board members continued their ongoing, adamant support for teacher compensation reform.

Critics, on the other hand, felt that tying teacher pay to student performance was undesirable and unfair. They argued that available means for assessing student achievement and teacher performance were unsophisticated and too subjective and they worried that paying for performance could overcompensate some at the expense of others. Detractors also felt that linking student achievement to individual teachers' paychecks was unmanageable and unsustainable given existing resource constraints. Those who had not participated in the pilot wondered, would PFP create more competition, cheating, gaming, or jealousy? With high student mobility rates across Denver and numerous children living in poverty, some teachers worried about being judged when so many factors with huge impact on their performance were completely outside their control.

Challenges of scale Many teachers and administrators were concerned with the ongoing question about whether any new compensation system could be integrated into existing management structures. DPS payroll and HR systems remained antiquated and, even as late as 2003, there were errors in paycheck processing. One official who worked with a PFP foundation partner remarked:

To really make progress, we need to make sure that engagement in and accountability for the project stretches from the classroom, to the principalship, to area superintendent offices, to central administration. Over the life of the pilot, we haven't always had that, and it's made making progress tough. But I'm not sure we really know how to engage and keep everyone engaged and accountable.

Teachers also worried that principals did not have the skills or training to manage the objective-setting process properly, and even those who did might find the paperwork too burdensome. Wartgow himself noted that bringing the objective-setting process to scale across the district was "a monumental professional development undertaking for teachers, principals, and administrators alike." District insiders also worried that PFP did not address deeper systemic rifts between departments. A longtime DPS assessment specialist noted, "Like so many of our initiatives, PFP has been totally isolated, even from our literacy curriculum work, as well as from larger questions of assessment. I sense that someone in the district has an idea of where they are going with these projects, but it is a mystery to me." One DPS administrator commented:

In a symbolic way, this is a means for us to say to teachers, what you do matters and we want to compensate you for doing a good job. We are trying to pay you for what the district cares about. But, the systems aren't as strong as they could be. If we can bring focus and

connection between compensation and what we are doing in other areas, this is a real opportunity on a substantive level as well.

The challenge of assessing student achievement in meaningful ways was another major concern. CTAC's Slotnik observed, "A core problem is that many of the existing assessments are flawed and used for purposes other than those for which they were intended. The entire PFP effort needs to be valid in three ways: statistically, so that accurate inferences may be drawn from the data; educationally, to ensure teacher buy-in; and politically, to obtain community support." One administrator noted, "Even state CSAP scores can only be used for about 30% of DPS teachers, since those tests do not really apply to specialists or anyone teaching K-3, 11th, or 12th grades." In the fourth year of the pilot, 166 unique assessments were used by teachers to measure student achievement.

The lack of integrated or coordinated professional development was also a worry. Many teachers were nervous about being held increasingly accountable for targets without systemic ways of providing them the support needed to ensure that they had the skills or tools necessary to achieve those goals. In mid-December 2003, a veteran DPS administrator asked: "What is the real bottom line for DPS? Will they have targeted expectations for teachers? Is it more valuable to write attainable objectives or stretch goals? How does this include a sense of rigor? Furthermore, while I know money is important, it's not what I have seen sustain extraordinary work."

Results By the end of the objective-setting pilot, DPS had paid out approximately \$2.8 million in stipends and bonuses to 644 teachers. In its evaluation report published in December 2001, CTAC focused on the impact of objectives on student achievement and perceptions of the pilot. Results showed that students whose teachers developed the highest-quality objectives—*regardless of whether or not those objectives were met*—made greater-than-average gains on two different standardized measures.

Structuring excellent objectives evolved over the life of the pilot. By the conclusion, CTAC had developed a rubric that outlined four levels of performance and the criteria upon which teachers' objectives should be judged (**Exhibit 6** illustrates objective-setting performance, 1999–2003). The objectives that met the standards held high expectations for students and stated (1) what students would learn, taking into account the exact population, (2) the assessments and teaching strategies to be used during the year, (3) the teacher's rationale for selecting the objective, (4) what baseline data would be used to show prior knowledge and/or skills, and finally (5) what evidence would show that the objective had or had not been met.

A majority of participating teachers reported that they were not doing anything differently as a result of the PFP pilot, although nearly half also said that PFP had led to a greater focus on student achievement. CTAC and the Design Team found sporadic evidence of cheating or manipulation of data by teachers or principals, but it was not widespread. They also found that measures of cooperation among teachers at pilot schools stayed the same or increased slightly.

CTAC's final report also explored institutional factors as well as perceptions of participants and other parties before offering recommendations around four major areas: alignment, assessment, professional development, and leadership.⁵ A DCTA official observed, "While our relationship with DPS had experienced ups and downs, overall, we built credibility as an organization. Moreover, many of our teachers learned that student growth is something that they understand and could accept as legitimate expectation for compensation." Some teachers felt that the study had provided them an unusual channel for sharing their concerns and suggestions, which they welcomed. Finally,

⁵ CTAC reported full results in *Catalyst for Change: Pay for Performance in Denver Final Report*, January 2004, published online at <http://ctacusa.com/denver-vol3-final.pdf>.

nearly everyone across DPS who had worked with the individual members of the Design Team felt that their work had been of the highest quality and wondered how their efforts could be integrated into the system.

From Pilot to ProComp

Leading up to 2001, DPS administrators and those closest to the Design Team had recognized that the PFP pilot was disconnected from key operations in the central office. As the pilot unfolded, DPS and DCTA realized that its focus on objectives, while a valuable experiment, was too narrow to be expanded across DPS into a comprehensive compensation system.

To address this concern, Wartgow's administration collaborated with DCTA officials to convene the DPS/DCTA Joint Task Force on Teacher Compensation (JTF) in November 2001. Wartgow charged the JTF with developing an equitable and affordable salary system for teachers based, in part, on improved student achievement. Co-chaired by Richard "Rich" Allen, DPS assistant superintendent of Budget and Finance, and Gary Justus, a math teacher at Abraham Lincoln High School and an active leader within DCTA, the JTF had 10 other members including teachers, principals, central-office administrators, and community members jointly selected by DPS and DCTA (see **Exhibit 7** for a list of JTF members).

No Design Team members were on the JTF, as technically their work was separate. Jupp commented:

The JTF has taken on a board-like role; the Design Team works as support staff. The Design Team was too immersed in the pilot to create a credible, comprehensive compensation plan on our own. We needed to detach the development for what became ProComp from the PFP pilot. It was critical to create a collaborative group that could take what we had learned from the pilot and integrate that with national research and their own experiences.

Wartgow recalled, "Magic started to happen when Brad and Rich put their heads together. Rich had worked with me for 12 years, and I never expected he'd take to the project like this, but those two led the group to invent this balanced compensation system."

DCTA and DPS developed a list of principles to guide the JTF's work. They agreed that any new compensation plan would continue to involve collective bargaining, include specialists, and provide for annual cost-of-living adjustments. Implementation of new compensation elements would phase in only when the system was ready to support and fund them; participation would be voluntary. Lastly, any proposal would aim to assure greater career earnings for all teachers, and teachers with advanced degrees would continue to receive higher starting salaries.

Joint Task Force (JTF)

Once the JTF was assembled, they arrived at a few decisions that co-chair Allen described as "key drivers of all subsequent collaboration." First, they agreed that the JTF would not design "add-ons" to the existing salary schedule but rather work to create a comprehensive new system. "We also decided," Allen recalled, "that fundamental reform could not be achieved in a zero-sum environment. We agreed we would go for a mill-levy override." Third, the JTF established four common objectives for the new compensation system including motivational, career, professional, and system goals (see **Exhibit 8** for a summary of these goals) against which progress was measured.

Finally, the group agreed not to rush the research and development process in an effort to take full advantage of existing innovations and to avoid common pitfalls.

In November 2002, the JTF moved into its “design phase” and broke into subgroups to work on the four individual components of ProComp agreed upon by the group: knowledge and skills, professional evaluation, market incentives, and student growth. Members of the group described a huge breakthrough in February 2003, when a teacher representative to the JTF convinced the group to abandon the traditional matrix-salary schedule. He said, “These grids don’t help anybody. All they do is pigeonhole people, and we have the capacity to go beyond that in the twenty-first century.” Some members also began building a financial model projecting salaries 50 years ahead in response to one of the main pitfalls of alternative compensation systems: that many districts created financially unsustainable plans.

The JTF unveiled the first “conceptual recommendation” in April 2003, kicking off a year of heated debate and discussion across Denver about how teachers should be compensated. A DCTA poll conducted that month suggested that 40% of those surveyed supported ProComp (although that name had not yet been developed), 25% opposed the idea, and the rest were undecided. There was ongoing confusion about exactly what the proposal was.

During this period, the JTF struggled to complete its work while also maintaining active communications across DPS. Communication materials highlighting the evolving proposal, which changed significantly from February 2003 to March 2004, were released every few months. Principals and DCTA site representatives were briefed again in November 2003 when the JTF released a detailed economic proposal summarizing the plan’s four components, with complex charts detailing career earnings. The JTF presented its final ProComp proposal in February 2004 (see **Exhibit 9**).

ProComp’s Four Components

Knowledge and skills Focusing on job-embedded staff development, this component built on one theory underlying the old salary schedule: the belief that students’ achievement increases when their teachers have more education. The JTF wanted to focus on the relationship between increasing teachers’ knowledge and skills and student growth, so ProComp included raises for demonstrated acquisition of knowledge and skills related to a teacher’s instructional discipline. Prior to ProComp, salary increases were awarded only after individuals completed 30 graduate credits. Awards were capped after 60 hours of accumulated credit. ProComp’s three-part model included incremental salary increases for completing approved courses, participating in action research or other projects, or demonstrating skills and reflecting on their use with students. Details of individual professional development units (or PDUs) were still undefined at the time of the March 2004 vote. ProComp continued the DPS practice of increasing salaries for teachers holding national board certification and replaced hourly compensation for district professional development with a \$1,000 lifetime account to reimburse teachers for completing approved courses.⁶

Professional evaluation This two-part component sought to address the thorny issue of evaluation, and Allen acknowledged that it remained the “most undeveloped component.” Existing protocols responded to rare instances of unsatisfactory evaluations by freezing a teacher’s salary (preventing step or lane increases, as well as negotiated cost-of-living adjustments). ProComp aimed to recognize and reward teachers who demonstrated proficient and distinguished practice through triennial evaluations, and the March 2004 agreement acknowledged that existing evaluation tools

⁶ Teachers may apply to the national Board for Professional Teaching Standards for certification as an “accomplished teacher” in one of 24 areas of specialization. More information can be found online at www.nbpts.org/.

would remain in place until DPS and DCTA could develop a mutually acceptable new instrument. In preliminary conversations about a new evaluation tool, both organizations focused on the question of evaluating instructional behavior, not contractual issues (e.g., tardiness, attire, or extra duty assignments). ProComp evaluations included corresponding increases for satisfactory performance. Salary increases for teachers who received unsatisfactory performance ratings were delayed for at least one year, until a satisfactory or better rating was received. Larger salary increases for distinguished teachers remained a topic for further exploration, as the JTF's initial proposal to reward extraordinary individual performance was dropped due to anxiety across the DPS community.

Market incentives This two-part component focused on the question of attracting and retaining teachers of demonstrated accomplishment to designated assignments and schools. The JTF worked to integrate the previous practice of awarding bilingual teachers' stipends for one year of service (which increased slightly for continuing service) and the DPS Teacher Incentive Program (which provided site-based incentives for teachers recruited and retained in designated assignments at low-performing schools) into the overall compensation model. ProComp included bonuses for teachers who worked in positions considered difficult to fill or in schools considered hard to serve. Distinguished teachers serving in those roles received higher bonuses. ProComp extended the existing practice of offering extra pay for teachers who completed extra duties.

Student growth This three-part component was most closely based on the work of the PFP pilot, although it included significant modifications. ProComp included salary increases for teachers who met two annual student growth objectives and bonuses for teachers who met at least one objective. Sustainable increases were available for teachers whose students exceeded a range of expected performance on CSAP scores. Finally, bonuses were also included for teachers and staff at schools recognized as distinguished based on academic gains.⁷ Jupp recalled long debates about how to reconcile individual teacher objectives with large-scale state assessments: "We were having trouble keeping the CSAP out of the objective setting until we decided that we didn't want teachers using state assessments for objective setting. It was like the hand of God reached in and rescued us and led to a major breakthrough. We separated CSAP from objectives, which simplified everything."

Final details ProComp had no quotas or maximum numbers for who could benefit from particular components and uncapped annual and career earnings for teachers who met or exceeded expectations. In summarizing ProComp, Allen laughed:

The new system is much less complex than it looks, while the old system is more complex than it looks. In compiling long-term cost projections, ProComp was easily modeled, but the single-salary schedule was nearly impossible since there are so many weird interactions in the data. Resistance to ProComp has been as much an issue of familiarity as complexity. After all, more than 50 years of propaganda support the single-salary schedule.

Ongoing Labor Relations

During Wartgow's tenure, relations with DCTA improved steadily until negotiations soured over budget cuts in 2003. The 2003-04 settlement was reached using interest-based bargaining, a form of negotiating where parties seek common ground and attempt to satisfy mutual interests in contrast to the traditional focus on defending positions. Some of DCTA's members supported this new form of collaboration, while others accused DCTA leadership of being "in bed" with DPS management. The 2003-04 settlement raised total compensation for teachers only 2.8%, which covered the increased cost

⁷ Distinguished-school status was based on 30 to 40 school-performance indicators being developed in the DPS Multiple Indicators Project, including student growth data, school climate, attendance, and graduation rates.

of benefits, but it was not the pay raise members expected. When DPS pointed out that teachers had bargained for a greater raise than all other city employees, DCTA continued to refer to the settlement as a “salary freeze.” DCTA President Wissink said that this dissension led to internal discussions about DCTA’s role:

We have been asking ourselves, “Is DCTA a union or an association?” As a union, we should be bargaining and handling grievances. But, as an association, our responsibility would be handling professional teaching and staff development. We also ask ourselves if we want a partnership or a relationship with DPS. We like collaboration, but some DCTA members get nervous if we seem to agree with DPS on everything. When there are tensions during lawsuits or negotiations, DPS does not like for us to disagree in public. Sometimes it seems like random acts of collaboration.

Tensions were heightened when DCTA remained neutral on a \$310 million bond and \$20 million mill-levy vote in November 2003 to support construction, systems, and programs for DPS. DCTA said it could not support any call for funds that did not include teachers’ pay raises. On the other hand, DPS and the newly elected mayor, a strong Wartgow supporter, were concerned that voters could not be asked to increase taxes for teachers’ salaries twice in two years, given the anticipated \$25 million mill-levy override election for ProComp funds in November 2005.

Preparing for the Vote

In early December 2003, DCTA’s leadership met to discuss the issues they felt needed to be addressed before ProComp could be accepted. A memo circulated at that meeting highlighted their six main objectives: that ProComp be fair, affordable, sustainable, manageable, and attractive to teachers and that it contribute to improving student achievement (see the memo in **Exhibit 10**). DCTA’s executive director said, “To me, the scary thought is not the merits of the proposal—because I think we can create something good—but where we will find the principals to implement it? No matter how good the tool is, if you put it in the hands of someone who can’t use it, you still get a lousy product.” Tensions were high around the district, and a DCTA poll conducted in January showed only 19% favored ProComp. Fifty-eight percent of members surveyed were opposed, with the balance undecided.

During the ensuing negotiations and debates, DPS and DCTA agreed on how issues not addressed during negotiations would be resolved, and in February 2004, DPS and DCTA reached a tentative agreement on ProComp after DCTA agreed to postpone talks regarding 2004-05 salaries.

With a complete plan endorsed by DPS, DCTA, Denver’s mayor, *The Denver Post*, as well as other local foundations and community groups, the JTF and the Design Team plunged into a promotional campaign. Detailed summaries of ProComp appeared in a February 2004 brochure (see **Exhibit 9**), as did hypothetical compensation profiles for new and experienced teachers (see **Exhibit 11**). The DPS/DCTA online salary calculator, used to compute figures in the hypothetical profiles, was reportedly very important in convincing teachers that they would benefit from the plan by allowing them to preview the effects of the new system on their pay. Communication also attempted to address confusion about the relationship between the Design Team, the PFP pilot, the JTF, and ProComp. A JTF flyer included the following teacher’s quote:

ProComp is NOT Pay for Performance. Pay for Performance is dead. ProComp is to PFP like Velcro was to the space industry—an offshoot. This is a completely different product. We learned from the pilot that paying people more did not change their work ethic; teachers already work hard! What works is having teachers and principals set strategic teaching

objectives based on district and union goals. It's about creating a common vision for a world class, urban school district—one that teachers will want to teach in because they'll make more money while working together to produce skilled, literate students.⁸

A DCTA poll conducted in early March showed that 38% of members approved of ProComp, while 39% were opposed. Twenty percent remained undecided. District and union officials visited all 136 schools and 15 work sites in 13 days. (Teachers at the 12 DPS charter schools were not eligible for collective bargaining.) Labor organizers, including retired union leaders, followed up by visiting one-on-one with hundreds of teachers around the district. The JTF and the Design Team worked with the Board and foundations to hire professional campaign promoters. This strategy worked in favor of ProComp, which was approved by 59% of the 2,718 DCTA members who voted on March 19, 2004. Pending the \$25 million mill-levy vote planned for November 2005, ProComp was scheduled to be implemented in January 2006. Current DPS teachers would have seven years to opt in to ProComp, while DPS teachers hired after January 2006 would automatically be enrolled (**Exhibit 4** summarizes key events).

Next Steps

As leaders across DPS and DCTA looked ahead, they saw a lot of work. “Hardly pausing to celebrate the go-ahead they got from teachers,” wrote one reporter, “proponents of a plan to remake the educator’s salary scale in Denver have fixed their eyes on persuading city voters to approve a tax increase to pay for it.”⁹ Wartgow added, “There are lots of details to work out, and the 41% ‘no’ vote signals a significant distrust factor that we need to address. We need to capitalize on this positive momentum, and a difficult 2004-05 labor settlement could set us back. We are focused on putting together a budget that can be seen as fair and supportive.” By the end of March 2004, Wissink was “cautiously optimistic” about reaching a settlement on 2004-05 salaries before the end of the school year, although she was concerned about how DPS would handle an anticipated 2004-05 budget shortfall and other ongoing issues.

Around the city, confusion about the details of ProComp mingled with excitement and concerns. A DPS/DCTA press release in late March 2004 proclaimed: “ProComp is not merit pay. A better term for the ProComp system is results-based pay. Teachers do not receive increases until they demonstrate results—of their classroom skills (through a new evaluation system that will have observable criteria), through obtaining certification . . . and for documenting measurable growth of their students.” The DPS Board president commented:

At first, some of us were disappointed to see our dream of a purely performance-based compensation system diluted so substantially. We wondered if we’d given away too much. But, I’m satisfied now that we’ve broken the mold as much as was possible. I’m confident that we will continue to work with teachers to connect their compensation to DPS goals. I’m increasingly convinced that *what* gets accomplished is just as important as *how* it gets done.

Another DPS Board member added:

I’m concerned that we’ve created a system that’s too cumbersome. Will the principals really take time to review the objectives? And, if they do, what are we willing to take off their plates? How can we shift things? Evaluating teachers is a hard thing to do, and hurting morale with

⁸ Christine LaHue of Morey Middle School, quoted in February 2004 ProComp brochure published by the Design Team.

⁹ Bess Keller, “Next Pay-Plan Decision Up to Denver Voters,” *Education Week*, March 31, 2004, p. 3.

bad evaluations is sometimes just not worth it. There are many unknowns. I don't want to be cynical, because in theory, this new approach to compensating teachers is revolutionary. But, looking forward 10 to 20 years, I wonder if our vision will be carried out the way we are currently hoping it will.

As they looked ahead, Allen, Jupp, and Wartgow identified a number of key internal projects. In the short term, DPS and DCTA needed to create a functional leadership structure that could assign and supervise the ongoing work of the JTF and the Design Team (as the latter was still in place to support the JTF reforms after the PFP pilot concluded). With respect to the proposed plan itself, protocols were needed for the professional development units (PDUs), as was an evaluation system for determining satisfactory performance. Supports for the objective-setting process, which were well established in pilot schools, needed to be implemented across the system. Protocols for managing ProComp's unique fiscal governance structure also needed to be established.¹⁰ With declining enrollment, an anticipated \$25 million state budget cut, and a stagnant economy, observers across the district wondered about how cooperation between DPS and DCTA would fare.

Wartgow sat back and reflected on the progress of compensation reform thus far:

The pilot helped us build the hugely important data system and supports, but it's the change in culture that has really been a superintendent's dream. Having teachers calling me, demanding to know how their kids are doing, is a whole new ballgame. They don't want to wait for CSAP scores to come out in case they need to change their approach or their materials. What excites me about ProComp is that we are working toward a breakthrough in how teachers are rewarded for their hard work.

My colleagues in the business sector think I'm crazy to be excited about the chance to pay a bilingual special education teacher more than a secondary social studies teacher. They don't understand what a big change this is for us. What I like about ProComp is that it encourages good teachers to stay in the classroom by offering the opportunity for larger paychecks that used to be only available for administrators. Keeping good people working with our students is a big step toward improving student outcomes and closing the achievement gap.

I hope DPS will be up to the challenge of implementing ProComp.

¹⁰ In response to concerns about fiscal management, the DPS/DCTA agreement established a ProComp "trust fund" and Board of Directors to oversee funds from the anticipated mill-levy override. This group had authority to approve annual plans, which could adjust the value of individual elements—both up and down—in order to keep the system in balance over time.

Exhibit 1 DPS Demographic Profile

Overview	2003-04
District Area Demographics	
Total Population ^a	544,636
Per Capita Income (in 1999) ^b	\$24,101
Families below poverty level (in 1999)	10.6%
Median household effective buying income (income after taxes) ^c	\$45,207
Percent of Denver community living below the poverty line (1999) ^d	12.1%
Percent of county residents holding college degrees	38.7%
Unemployment (2002) ^e	3.5%
Student Demographics	
Number of students (K-12)	72,489
Hispanic	57.0%
White	19.7%
African-American	18.9%
Other (including Native American and Asian)	4.3%
Eligible for free and reduced-price lunch	66.4%
Students with IEPs	11.4%
English language learners	20.3%
Graduation rate ^f	70.6%
Dropout rate ^g	4.0%
Schools and Staff	
Number of schools	148
Elementary	90
Middle	20
High	14
Alternative/Charter	24
Total headcount	14,173
Teachers	4,076
Average teacher salary	\$52,271
Student/teacher staffing ratio (Elem, Middle, High)	25:1

Source: District data unless cited otherwise.

^aCensus 2000 data published by National Center for Education Statistics Web site, <http://www.nces.ed.gov/surveys/sdds/singledemoprofile.asp?county1=0803360&state1=8>, accessed February 9, 2004.

^bDenver's income after taxes ranked 15.5% higher than the national average and ranked the region fifth among the 30 largest metro areas in total effective buying income. Historically, the Denver metro area had higher income than the national average, reflecting a high concentration of two-income households in the area.

^cMedian household income figure published by Metro Denver Economic Development Corporation Web site, <http://denvernet.org/mdn/site/population.asp>, accessed August 19, 2003.

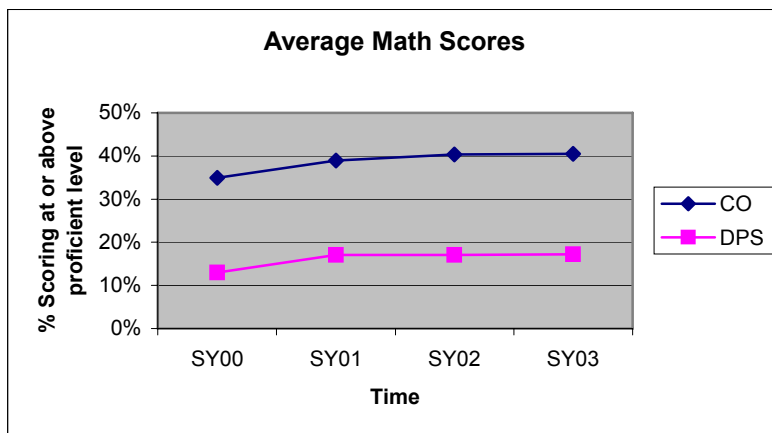
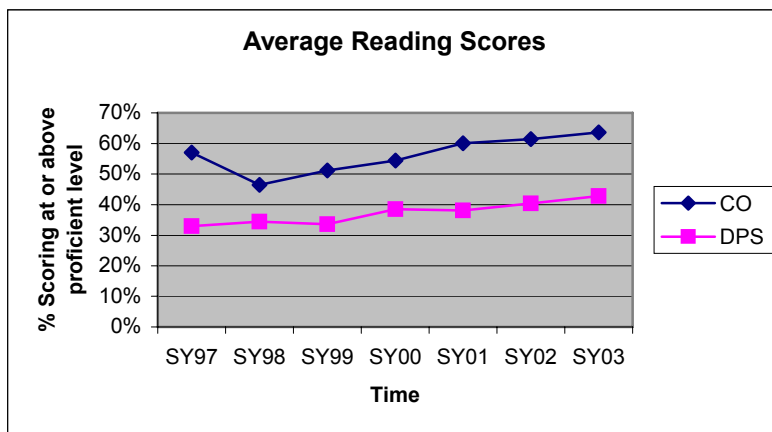
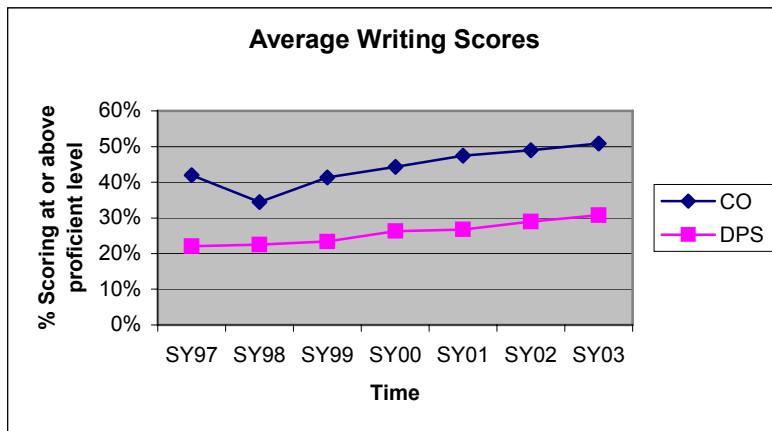
^dNational Center for Education Statistics Web site, accessed August 5, 2003.

^eMetro Denver Economic Development Corporation Web site, accessed August 19, 2003.

^fGraduation rate is determined by following one group of students (a cohort) over a four-year period from grades 9–12.

^gDropout rate is a one-year snapshot of all students who drop out of school during one year. This rate considers all students in grades 7–12.

Exhibit 2 District (DPS) and State (CO) CSAP Achievement Data 1996-97 – 2002-03



Source: Summarized from district files. Full results available online at <http://testing.dpsk12.org/rescsap03b.htm>. Reading and writing graphs include scores for Spanish language “Escritura/Lectura” exams. The CSAP system was upgraded and expanded in 2002. In 2001-02–2002-03, students in grades 3–10 took CSAP reading and writing exams, and students in grades 5–10 took CSAP mathematics exams. In prior years, fewer students in fewer grades were tested.

Exhibit 3 Negotiated 2003-04 Single-Salary Schedule^a

	Level	Six Lanes ^b					
		B.A.	B.A.+30	B.A.+60/M.A.	M.A.+30	M.A.+60	Ph.D.
Thirteen Steps ^c	TiR ^d	\$31,320		\$31,779			
	1	32,971	33,213	33,454	34,552	36,853	39,169
	2	33,073	33,386	33,697	36,077	38,482	40,903
	3	33,225	33,657	35,101	37,601	40,112	42,642
	4	33,480	33,927	36,503	39,124	41,745	44,377
	5	33,785	35,335 ^e	38,053	40,770	43,505	46,251
	6	33,988	36,837	39,671	42,494	45,341	48,219
	7	35,421	38,399	41,337	44,316	47,257	50,290
	8	36,912	39,993	43,087	46,197	49,274	52,449
	9	38,456	41,709	44,924	48,164	51,431	54,702
	10	40,092	43,481	46,860	50,247	53,620	57,057
	11	41,784	45,301	48,843	52,358	55,922	59,521
	12	43,566	47,237	50,944	54,657	58,334	62,082
	13 ^f	45,546	49,408	53,401	57,131	61,012	64,919

Examples:

Any teacher new to DPS with no teaching experience and a B.A. degree would make \$31,320.

A teacher with an M.A. and seven years' experience with DPS would make \$41,337.

A teacher with a Ph.D. and 12 years' experience with DPS would make \$64,919.

Source: DCTA Web site and interviews.

^aThis schedule does not include additional compensation for extra duties such as coaching or other extracurricular supervision.

^bSix lanes based on an individual's accumulated education increments: B.A. = bachelor's degree; B.A. + 30 = bachelor's degree plus 30 hours of master's coursework; B.A. +60/M.A. = bachelor's degree plus 60 hours of master's coursework or a master's degree; M.A. + 30 = master's degree plus 30 hours additional coursework; M.A. + 60 = master's degree plus 60 hours additional coursework; Ph.D. = doctorate. Average salary increase from lane to lane is 7%.

^cThirteen steps based on years of teaching experience. Average salary increase from step to step is 4%.

^dTeacher-in-residence level was for interns who had a B.A. but lacked education coursework necessary for Step 1 eligibility. Tuition for coursework was deducted from all TiR salaries, as they were required to be working toward an advanced degree.

^eShaded area represents results of DPS/DCTA negotiations in 1999, when the starting teacher's salary was bumped up to \$30,000. Referred to by the negotiating team as the "squished upper left hand corner," these figures increase at unique rates.

^fWhen teachers reach the "end" of the salary schedule after 13 years of service, their salary increases by \$1,263 upon completion of 15, 20, 25, and 30 years of satisfactory service. For example, a teacher with an M.A. and 16 years with DPS would make \$54,664 (Step 13 M.A. = \$53,401 + 1 longevity \$1,263). A teacher with a B.A. and 21 years at DPS would make \$48,072 (Step 13 B.A. = \$45,546 + 2 longevity \$2,526).

Exhibit 4 Timeline of Key Events

Date	Event
Spring 1999	Superintendent Moskowitz first proposed abandoning single-salary schedule during negotiations.
August 1999	DPS/DCTA agreed to begin pay-for-performance (PFP) pilot after bargaining impasse
Fall 1999	CTAC hired, 12 pilot schools began objective setting.
March 2000	Rose Community Foundation gave \$1 million; pilot extended to four years.
June 2000	First PFP compensation awarded
Summer/ Fall 2000	PFP training for pilot schools; second-year objectives due.
Spring 2001	OASIS launched.
June 2001	Wartgow appointed superintendent
September 2001	High schools joined pilot
November 2001	Joint Task Force on Teacher Compensation (JTF) convened
December 2001	CTAC published interim report on PFP pilot.
February 2002	JTF began seminar phase.
November 2002	JTF began design phase; Broad Foundation gave \$1 million.
April 2003	JTF briefed principals and DCTA reps on first conceptual recommendation of ProComp.
June 2003	PFP pilot ended.
November 2003	Denver voters approved \$310 million bond and \$20 million mill levy for DPS
January 2004	CTAC published final report on PFP pilot.
February 2004	DPS Board ratified ProComp agreement; DCTA leadership recommended ProComp proposal to its members; ProComp presented to Denver community and organizers hired.
March 19, 2004	59% of DCTA members approved ProComp.
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<i><u>PROJECTED EVENTS</u></i>	
<i>Spring 2004</i>	<i>Ongoing 2004-05 salary negotiations.</i>
<i>June 2004</i>	<i>ProComp transition team scheduled to begin implementing transition plan to oversee development of new compensation system.</i>
<i>November 2005</i>	<i>Denver voters to decide \$25 million mill-levy override.</i>
<i>January 1, 2006</i>	<i>Partial implementation of ProComp scheduled to begin.</i>
<i>Fall 2006</i>	<i>Full implementation of ProComp scheduled to begin.</i>
<i>November 1, 2009</i>	<i>Third-party evaluation of ProComp report due.</i>
<i>December 31, 2013</i>	<i>ProComp contract expires unless renegotiated.</i>

Source: Created by the casewriter from internal documents and conversations. Italicized summary of ProComp agreement adapted from DPS/DCTA agreement posted at <http://denverteachercompensation.org/Recommendations.html>.

Exhibit 5 Three Exemplary Objectives

Position	Grade	Rationale	Population	Interval	Assessment	Expected Growth	Learning Content	Strategies
Reading	3	School Improvement Plan Literacy Objectives Closing the Gap - District Goal	26 third-grade ELA-S students	1 year	DRA/QRI	<p>Pretest scores: 10/26 students scored at DRA level 12 or lower 8/26 scored between DRA levels 12 and 24 8/26 scored above DRA level 24.</p> <p>75% of all students will increase their DRA levels by 14 levels on the DRA.</p>	<p>Standard 1: Print-sound code</p> <p>Standard 2: Accuracy, fluency, self-correcting strategies;</p> <p>Comprehension</p> <p>Standard 3: Reading habits</p>	<ul style="list-style-type: none"> Daily English Language Development Vocabulary Development; Shared Reading Monitoring of English Language and Literacy Progress in the ELD block Daily Independent Reading and mini-lessons Discussing reading from Read Aloud, Shared Reading, and Independent Reading
Secondary	Connected Math	Supports the implementation of the Math Initiative	One eighth-grade team (110 students)	1 year	Extended response items from GLMA	<p>Baseline data All students are partially proficient or below.</p> <p>Exp Growth All students will improve one or more proficiency level.</p>	<p>Learn to use expository form to explain math concepts.</p>	<ul style="list-style-type: none"> Daily focus lessons to introduce problem-solving strategies and math vocabulary Modeling and guided practice on writing math-framed paragraphs Whole class shared writing activities Small group discussions Weekly math journal entries Individual weekly conferences to analyze progress
Music	4	Supports the School Improvement Plan	26 fourth-grade students	1 semester	Teacher-made performance assessment and rubric	<p>Baseline data All students scored less than 6.</p> <p>Expected Growth 80% of the fourth-grade class will pass 6 out of 9 skill directives on the keyboard.</p>	<ul style="list-style-type: none"> Keyboard techniques and skills, rhythm, and meter Including left and right hand with correct fingering and I,II,IV and V chord in the key of C major tunes from the written notation 	<ul style="list-style-type: none"> Model stage presence posture Whole group instruction Guided practice posture Guided practice stage presence

Source: Selected and adapted by the casewriter from http://www.dpsteacherobjectives.org/DPS_Table_of_Contents.html, accessed April 5, 2004.

Exhibit 6 PFP Pilot Teachers' Objective-Setting Performance: Percentages by Rubric Level 1999–2003

Rubric Level	Levels of Performance for Teacher Objectives	Descriptors for Performance Levels	Percentages by Rubric Level			
			1999-00 (684) n=	2000-01 (788)	2001-02 (1280)	2002-03 (1260)
4 Excellent	Meets all of the criteria.*	States clearly what the students will learn, expressing clearly and coherently all elements of the objective, including the assessment, and demonstrating high expectations for students. There is a strong sense of the whole.	.9	8.9	13.2	28.0
3 Acceptable	Meets basic criteria with some lack of completeness and/or cohesion.	Refers (i.e., from a skill section in a book or test or a program acronym) to what the student will learn but may lack thoroughness in addressing the elements or in making clear the relationship or unity among the elements. The student expectations may seem somewhat conditional or low.	24.1	22.6	34.1	44.2
2 Needs Improvement	Meets some of the criteria, but is inconsistent and/or lacks cohesive thought.	Attempts to address most of the elements of the objective but may not have stated the learning content, showing lack of understanding about what is expected or confusing the elements (stating the objective as an assessment goal rather than a learning goal). Expectations for students may be low.	61.3	54.1	51.7	26.9
1 Too Little to Evaluate	Does not meet the criteria; may show lack of understanding or effort.	Does not address the objective in a manner that shows either an understanding of the task at hand or an effort to complete the task as requested. Objectives may place too many conditions or exclude too many students to be reliably assessed.	7.6	13.5	.9	.3
			Unrated	6.1	1.0	.2
						.6

* Four Traits or Criteria for Quality Education Objectives:

Trait One: Learning Content Content is that which the teacher will teach and the student will learn. Quality learning content is significant to the subject or discipline, appropriate to the student level, and rigorous in thought and application. Content choices should reference agreed-upon standards for the subject and grade level.

Trait Two: Completeness A complete expression of an educational objective includes the student population to be taught; the objective with learning content; the assessment; the strategy or strategies used by the teacher to address the content; the rationale for selecting the objective; baseline data that show prior knowledge and/or skills; and finally, the evidence that persuades the teacher that the objective has or has not been met.

Trait Three: Cohesion Cohesion refers to the logic and unity among the elements and demonstrates that rigorous thought and careful planning have taken place in the development of the objective. It gives a sense of the whole over the parts.

Trait Four: Expectations The complete learning objective demonstrates that the teacher understands both the student population and individuals to be addressed and holds high expectations for each student as well as for himself/herself.

Source: Rubric developed by CTAC and adapted by the casewriter from Chapter 4, *Catalyst for Change: Pay for Performance in Denver Final Report*, January 2004.

Exhibit 7 DPS/DCTA Joint Task Force (JTF) Membership (March 2004)

Task-Force Members

Richard Allen, JTF Co-Chair, DPS Assistant Superintendent, Budget and Finance
Gary Justus, JTF Co-Chair, Teacher, Abraham Lincoln High School
Jeff Buck, Teacher, South High School
Barbara Cooper, Principal, Hallett Elementary School
Diane Deschanel, School Nurse
Pete Hergenreter, Principal, Career Education Center
Jeanne Lyons, School Nurse
Barbara Nash, Retired Middle School Principal
André Pettigrew, DPS Assistant Superintendent, Administrative Services
Carmen Rhodes, Community representative (Political Director, Denver Area Labor Federation)
Jamie Rich, Teacher, Hamilton Middle School
Diane Waco, Teacher, Fallis Elementary School
Lee White, Community representative (Vice President, Geo. K. Baum, Inc.)

Technical Advisors to the Committee

Bruce Dickinson, DCTA Executive Director
Eric Hirsch, School Finance Consultant, Augenblick and Myers
Brad Jupp, Team Leader, PFP Design Team
John Myers, School Finance Consultant, Augenblick and Myers
Doug Rose, Independent Financial Analyst

Source: District documents.

Exhibit 8 JTF's Overall Goals for a Compensation System

Denver Public Schools/Denver Classroom Teacher's Association
Joint Task Force on Teacher Salary

Overall Goals for a Compensation System

The JTF established 4 overall goals that any new compensation system should achieve. Three of these goals related to the impact of the compensation on the overall efforts of the district while one related to characteristics of the compensation system itself.

These goals are:

1. **Motivational goals** – Any compensation system should motivate teachers to achieve specified goals by providing additional compensation for achievement of specified goals. These goals include but are not limited to setting high standards, enhancing the achievement of all students, closing the gap between lower performing and higher performing students, performing specified additional duties (e.g. coaching, committee work, special assignments) and participating in professional development. In order to accomplish this mission, specific measurement of goal achievement must be clearly defined and mutually agreed upon. In some cases (e.g. additional duties) this will be easily measured, while in other cases (e.g. student achievement), measurement is a significant issue in itself. Compensation systems should be positive rather than punitive.
2. **Career goals** – Any compensation system should provide appropriate compensation to attract, motivate and retain high quality teachers in all specialties over the course of a career. These goals would include economic and professional growth for teachers as they move through a career. In order to meet professional and monetary career needs, these goals will enhance and enable the transition between classroom teaching and jobs outside the classroom. Thus, any compensation system should establish effective competition with other employers (including non-educational employers).
3. **Professional goals** – Any compensation system should enhance the professional standing and dignity of teachers. It should allow a teacher the ability to take on additional professional responsibilities and be compensated. Risk taking and innovation in the pursuit of professional achievement should be encouraged and rewarded. Compensation systems should be positive rather than punitive.
4. **System goals** – Any compensation system should be affordable, manageable, equitable, sustainable, comprehensive, flexible and understandable by those who would be a part of it. The system should attempt to solve only those problems that could not be more effectively and appropriately addressed through other means.

Source: District files. A draft of these goals was circulated during 2001-02. This is the final version included in the DPS/DCTA March 2004 agreement regarding ProComp. The full text of the agreement is available online at <http://denverteachercompensation.org/Recommendations.html>.

Exhibit 9 ProComp Summary: The Four Components (February 2004)

Element	Knowledge and Skills			Professional Evaluation		Market Incentives		Student Growth		
	Professional Development Unit	Graduate Degree/ NBPTS	Tuition Reimbursement	Unsatisfactory Performance	Satisfactory Performance	Hard-to-Staff Position	Hard-to-Serve School	Annual Objectives	CSAP	Distinguished School
Index ^a Multiplier	2% Index Salary	9% Index Salary	\$1,000 Account	Delay of Satisfactory Increase	3% Index Salary every third year	3% Index Bonus	3% Index Bonus	1% Index Salary, 1% Index Bonus	3% Index Sustain... Increase	2% Index Bonus
Dollar Amount	\$659	\$2,967	\$1,000		\$989	\$989	\$989	\$330	\$989	\$659
Decision Process	Protocol agreed to by DCTA and DPS	Protocol agreed to by DCTA and DPS	Protocol agreed to by DCTA and DPS	Current system remains in effect until DCTA and DPS agree on evaluation tool.	Current system remains in effect until DCTA and DPS agree on evaluation tool.	Method agreed to by DCTA and DPS	Method agreed to by DCTA and DPS	Teacher and Principal reach consensus	Method agreed to by DCTA and DPS	Method agreed to by DCTA and DPS
When the increase is applied	Upon submission proper document	Upon submission proper document	Upon submission proper document	July 1: delayed at least one year	July 1	In monthly installments, upon completion of service each month	In monthly installments, upon completion of service each month	In June, upon analysis of appropriate student data	In early fall, upon analysis of CSAP data	In early fall, upon completion of multi-ple measures of school performance
Does Increase Build Highest Salary Under PERA ^b ?	Yes	Yes	No	Yes	Yes	No, but DCTA and DPS will seek to make this element build pension by the 2005-2006 school year.		Yes	Yes	Yes
Year Implemented	2006-2007	2006-2007	2005-2006	2006-2007	2006-2007	2005-2006	2005-2006	2006-2007	2006-2007	2005-2006

^a Index negotiated annually by DPS and DCTA. Current Index = \$32,971.

^b Public Employees' Retirement Association of Colorado.

Source: Compiled by the casewriter from DPS and DCTA documents, including ProComp overview posted online at <http://denverteachercompensation.org/>, accessed March 29, 2004.

Exhibit 10 DCTA Recommendation Concerns (December 2003 memo - adapted by the casewriter)**TO RECOMMEND OR NOT RECOMMEND****Is it fair?**

- Will DCTA get credit from members as a forward-thinking union that is professionalizing teachers and structuring the appropriate rewards?
- Will non-CSAP teachers come to accept the CSAP bonus as being fair?
- Will this cause a divide between teachers on the new system and teachers on the old system, and how will this impact membership?
- Will the fact that teachers are paid differently erode our ability to unify our members?
- Will there be a perceived preference given to the new system in negotiations?

Is it affordable and sustainable?

- Will this in fact "break the mold" of how teachers are paid in a way that really increases teachers' salaries?
- Can a trust fund be set up to be foolproof and safe from raiding the funds for other purposes?
- In bad budget times for the general fund will the new system do OK because of the special funding and the current system not do OK, that is, will this be a protected funding source for only half our teachers?
- What will be the ramifications of negotiating two systems?

Is it manageable?

- Will this have the impact of making DPS function better while providing teachers with the information they need to make good instructional decisions?
- What will be the impact on our fellow associations?
- If the DPS systems cannot perform properly during implementation, will DCTA get the blame?
- Will there be more work for the DCTA staff because of complaints about fairness, especially with abusive principals?
- Will we have more teacher v. teacher disputes because of pay differences?
- Will there be the infrastructure to run the new compensation components, that is, evaluation, knowledge and skills, market incentives, and student growth?

Will it attract and retain teachers?

- Will the public give the credit to DCTA that it deserves for this project and support teachers more because of it?
- Will new teachers come to DPS (and join DCTA) if there is more risk involved in gaining annual increases than in other districts?
- Will teachers leave membership in DCTA if they feel cheated under the new system and then cannot get out of it?
- What will be the impact of the merger with PERA?

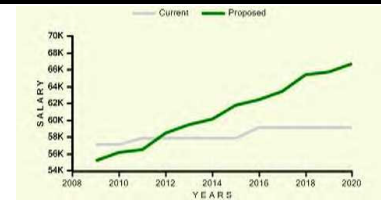
Will it improve student achievement?

- Will it actually improve student achievement or will it only contribute to increased test scores?
- Are we putting our stamp of approval on using student growth to evaluate teacher and school performance? How do we avoid that being the only criterion?

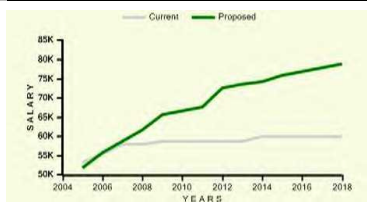
Source: Adapted by the casewriter from internal DCTA documents.

Exhibit 11 Hypothetical Compensation Profiles

Roy—Specialist, eighth year. Roy is a specialist who has worked at DPS for eight years. He has his master’s degree but plans to earn another. After using the salary calculator, he determined that he can make more money at the moment under the current system because of the annual step increases. He chooses to wait to opt in to ProComp until 2009 when he is near the top of the step scale. After joining ProComp, he finishes his second master’s and receives a \$2,967 salary increase. Had he remained in the current salary system, he would not have been paid for that second degree. In addition, by completing professional developments units (PDU) nearly every year, he receives \$659 to continue his professional studies. For meeting the average of 88% of his student objectives, he earns \$330 more in salary every time both annual objectives are met. By the time he ends his career 17 years from now, he will be making \$7,000 more annually than he would have made if he stayed in the current system. Over the course of those years, he will have earned nearly \$32,000 more under ProComp. More critically for him, as he nears retirement, his earnings continue to grow. Under the present system he would have received longevity increases totaling \$2,500. Under the ProComp system, in those final 10 years, his salary increased nearly \$8,000.



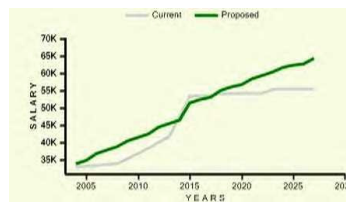
Next Year’s Earnings Current	\$57,131
Next Year ProComp	\$55,855
Final Year’s Earnings Current	\$59,135
Final Earnings ProComp	\$66,406
Accumulated Current	\$699,297
Accumulated ProComp	\$731,596
Net Gain	\$32,000



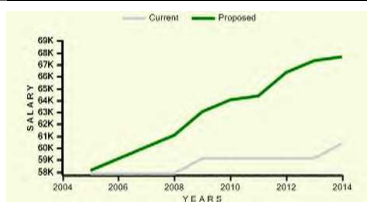
Next Year Current	\$55,457
Next Year ProComp	\$56,747
Final Year Current	\$59,135
Final Year ProComp	\$79,816
Total Earnings	\$816,312
Total ProComp	\$958,506
Net Gain	\$142,194

Mary Ann—Middle School Teacher. Mary Ann is a middle school ELA-S teacher who has taught at DPS for 10 years. She has a master’s degree and teaches in a school with a large number of students receiving free or reduced-price lunch. She also works in a position that typically is in high demand but short supply. By opting in to ProComp she can start being compensated for the hard work she does in an academically challenged environment. Her school is judged hard to serve by ProComp, which qualifies her for a \$989 market incentive bonus every year she teaches at that school. Because her position is hard to staff, she qualifies for another \$989 bonus every year she is in that position. Because of the special challenges in her school, she meets slightly less than the average number of her annual objectives, but she still earns \$330 every time both objectives are met. She also receives compensation for PDUs—\$659 every time she completes one—and when she chooses to get a second master’s degree, she earns a \$2,967 salary increase. Even though she only receives the market incentives for five years of her career, the amount adds up over time. By the time Mary Ann retires she is earning \$79,816 under the ProComp system. Under the current system, she would be earning \$59,135, a difference of more than \$20,000 a year. During the final 15 years of her career, Mary Ann earns more than \$140,000 more under ProComp than under the current system.

Ginger—Early Career Teacher. A typical high school biology teacher, Ginger is hired into DPS with a B.A. degree. She begins the ProComp system in its initial year as a first-year teacher and plans to remain in the system for 25 years. She intends to get her master’s degree in her seventh year and expects to complete a PDU nearly every year. A hard-working, but not exceptional, teacher, she expects to meet the average 88% of the student growth goals she sets over her career. Using those assumptions, this is how she fares.



Next Year Current	\$33,225
Next Year ProComp	\$34,949
Final Year Current	\$55,405
Final Year ProComp	\$64,623
Cumulative Current	\$1,103,105
Cumulative ProComp	\$1,174,097
Net Gain	\$70,992



Next Year Current	\$57,892
Next Year ProComp	\$59,109
Final Year Current	\$60,398
Final Year ProComp	\$67,681
Total Annual Earnings	
Last 10 Years	\$587,561
Last 10 Years ProComp	\$631,317

Eunice—Elementary Teacher. Eunice is an elementary teacher who has taught at DPS for 14 years. The ProComp system can be of great benefit to her and other teachers who have gone past Step 13. This example shows how she can build income in the final years of her career simply by taking six PDUs in that time and meeting the average of 88% of her goals. For every PDU she completes, she earns \$659, and for meeting objectives, she receives \$330 in salary or a bonus. Should she wish to earn more, all she would have to do is to take more PDUs, or she could even get another advanced degree. She already has her master’s, but should she choose to go after another, she would be compensated for it by ProComp. Under the current system she would not receive any extra pay for a second master’s. From the moment she enters ProComp, Eunice would begin earning more—\$1,200 in the first year. As a veteran teacher who has “topped out” on the 13-step salary schedule, she would receive a salary increase for longevity every five years under the current system. Under ProComp, she would get a \$989 raise every three years for a satisfactory evaluation in addition to the PDU and student growth elements. When she retires in 10 years, Eunice will be making \$7,000 a year more than she could have earned under the present system, building a significantly bigger base for her retirement. Over the course of those 10 years, she will have earned \$43,000 more through ProComp.

Source: Compiled by the casewriter from February 2004 ProComp newsletter illustrating the impact of ProComp on four hypothetical teachers. All figures were computed using the DPS/DCTA salary calculator. They do not include cost-of-living adjustments, assuming those would be applied equally to both systems. A salary calculator was available to all at <http://www.teachercompensation.org>.